



Pennsylvania State Employees' Retirement System (PA SERS)

Board Presentation

July 2024

Intended for use with institutional and qualified investors only.

HarbourVest representatives



PETER LIPSON

Managing Director, HarbourVest Partners, LLC (Boston)

Peter Lipson focuses on private credit, global direct co-investments as well as primary and secondary investments in Latin America. Peter serves as the Chair of the Firm's Credit Investment Committee, and is a member of the Direct Co-Investment Buyout Investment Committee. He joined HarbourVest in 1997 as an associate focused on direct investments in operating companies and rejoined the Firm's direct investment team in 2001 after receiving his MBA. Peter was instrumental in establishing HarbourVest's presence in Bogotá including building relationships with institutional investors and general partners in the region. Peter serves as a director of Lytx, HilCo Vision and TownePark. Before joining HarbourVest, he worked as a financial analyst in the Mergers & Acquisitions Group at Salomon Brothers. Peter received a BA in Economics from the University of California, San Diego in 1993, an MS in Information Systems from the University of Virginia in 1995, and an MBA from Harvard Business School in 2001.



MATT CHENG

Managing Director, HarbourVest Partners, LLC (Boston)

Matt Cheng joined HarbourVest in 2011 and focuses on originating, evaluating, and executing buyout, growth equity, and mezzanine investments in operating companies. Matt has been involved with several of the Firm's investments including Ability Network, AMRI, AvidXchange, Heritage Foodservice, Lightower Fiber Networks, Peloton Computer Enterprises, Perimeter Solutions, Planview, San Miguel Industrias, SambaSafety, Securus, Solace Systems, Staples, and Wayfair. In addition to his time at HarbourVest, Matt spent two years as an investment banking analyst in Credit Suisse's Global Industrials Group, where he focused on mergers and acquisition and equity and debt transactions for industrials companies. Matt received a BA (with high honors) in Economics from Princeton University.

HarbourVest representatives



MARYELLEN DOYLE
Principal, Investor Relations, HarbourVest Partners, LLC (Boston)

Maryellen Doyle joined HarbourVest's Investor Relations team in 2021 to focus on coordinating, monitoring, and enhancing relationships with new and existing investors. She joined the Firm from Landmark Partners, where she was a Vice President of Investor Relations and Business Development and a member of the ESG Steering Committee. Prior to Landmark, Maryellen spent 14 years with Morgan Stanley Investment Management where she served as an executive director of U.S. consultant relations, a portfolio specialist for Alternative Investment Partners, and as a member of the firm's Strategic Client Group. She has spent majority of her career covering institutional investors, including corporate and public pensions, endowments and foundations. Maryellen also serves on the Board of Directors of the Children's Health and Development Institute of Connecticut as the Chair of the Finance Committee. She received a BA from Providence College and MS from New York University.



JACKIE PERADOTTO
Principal, HarbourVest Partners, LLC (San Francisco)

Jackie Peradotto joined HarbourVest in 2009. She left the Firm to attend business school and rejoined HarbourVest's direct investment team in 2014 after completing her MBA. Jackie focuses on sourcing, reviewing, executing, and monitoring direct co-investments, primarily in the healthcare industry. She serves as a board member at Comprehensive Pharmacy Services (CPS) and Dentistry for Children (D4C), and formerly served as a board member of Five Star Food Service. Jackie has played a key role on several deals including Advance Health, Aldevron, Cambrex, CareCentrix, MedOptions, MultiPlan, Press Ganey, and Vetsource. Jackie's previous experience includes three years with Morgan Stanley, where she was an investment banking analyst in the Global Power & Utility Group in New York and the Corporate Finance Group in San Francisco. Her prior experience also includes a position at McKesson Corporation. She received an AB in Molecular Biology from Princeton University in 2006 and an MBA in Health Care Management (with honors) from the Wharton School at the University of Pennsylvania in 2014.

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HarbourVest update



HarbourVest at-a-glance



As of December 31, 2023. *Reflects committed capital from LPs for all active funds/accounts, excludes any funds / accounts that are in extension, liquidation, or fully liquidated.

**Advisory board seats include all advisory / company board seats (including advisory / non-voting roles) held through a HarbourVest fund / account investments.

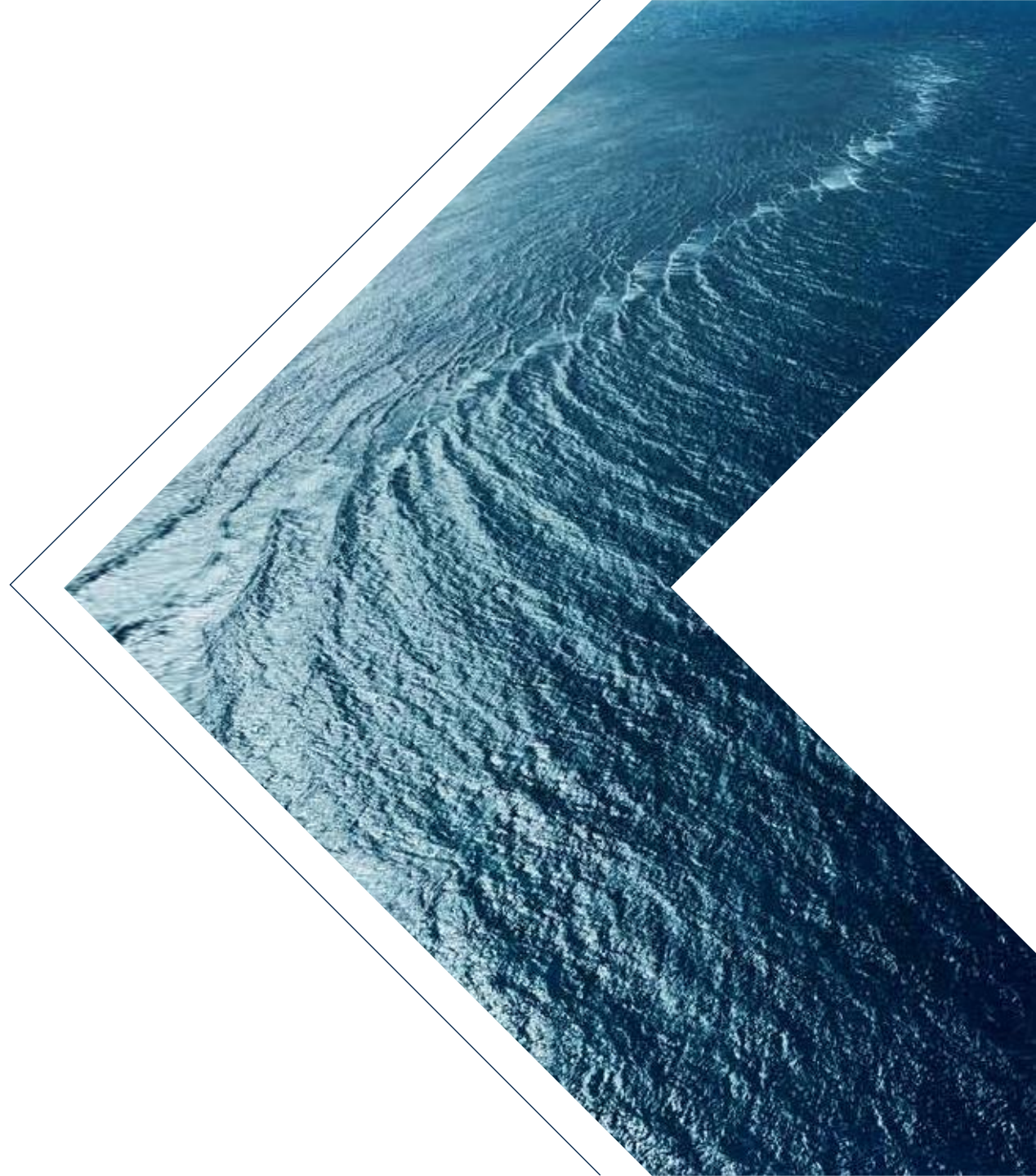
Six strategic pillars of DEI

Six Strategic Pillars of DEI

We use a broad framework to define what DEI success means for us and center our efforts on these six areas of focus



HarbourVest's co-investment program



Demonstrated co-investment platform attributes

HarbourVest leverages deep GP relationships and internal infrastructure to deliver results for clients



Access

- Robust **deal flow** from top General Partners
- Often the **lead co-investor** in transactions
- Solutions focus enables **proprietary** deals and preferred allocations



Diversification

- **Quantitative** approach to portfolio construction
- Insights into GP **expertise**
- Focus on attractive **risk-adjusted returns** and downside protection



Low cost

- Platform and solutions approach enables **no fee / no carry** deals
- Management fee on invested capital **mitigates J-curve**
- Carried interest above hurdle ensures investor **alignment**

Building diversified portfolios of market leading private companies globally

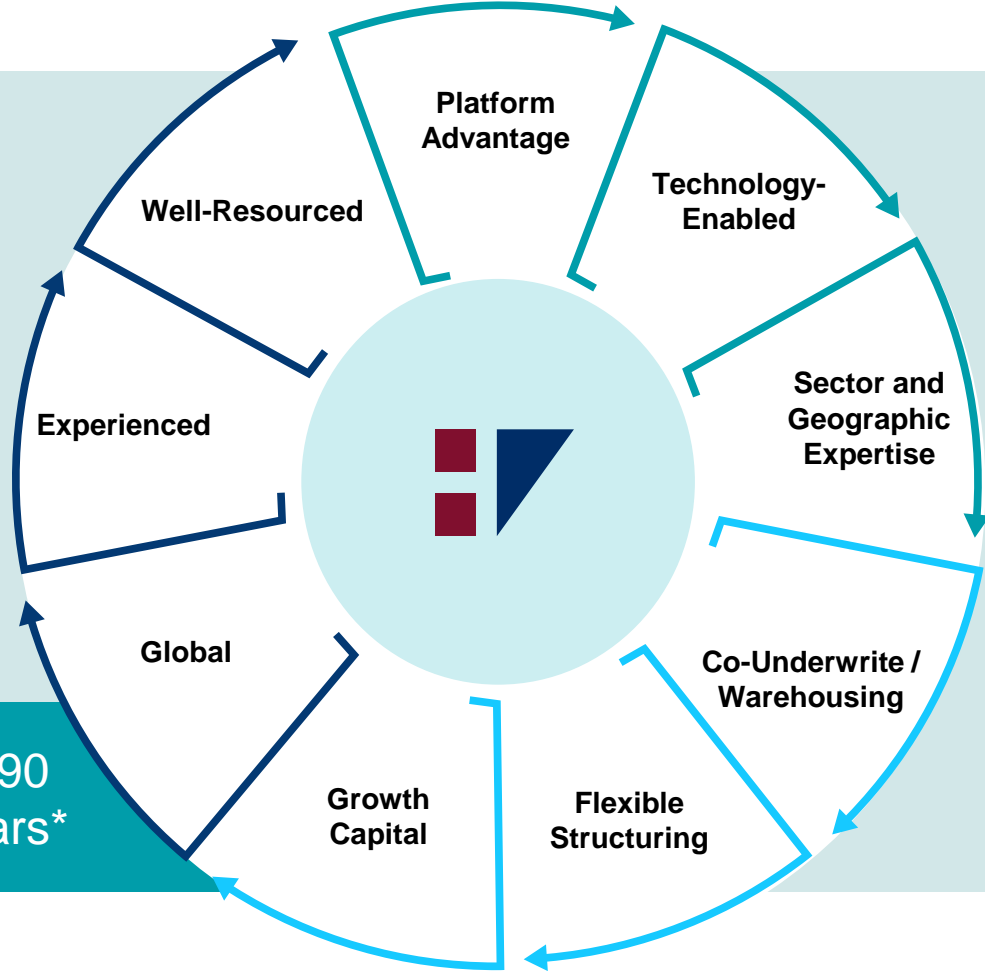
Leader in building co-investment portfolios

HarbourVest has 40+ year history of supporting GPs through co-investments

Team

- **78** direct co-investment investment professionals
- **Global** footprint
- **22** average years of MD experience with an average of **17** years at HarbourVest

\$33.8 billion committed to 790 co-investments in last 10 years*



Sourcing

- **Collaborative**, cross-strategy focus
- **1,091** deals sourced in LTM period**
- **78%** of deals reviewed in LTM period were small/mid market**

Solutions

- **Partnership** model
- **Flexibility** to consider co-underwrites, warehousing, or growth capital
- **60%** of capital invested in solutions opportunities§

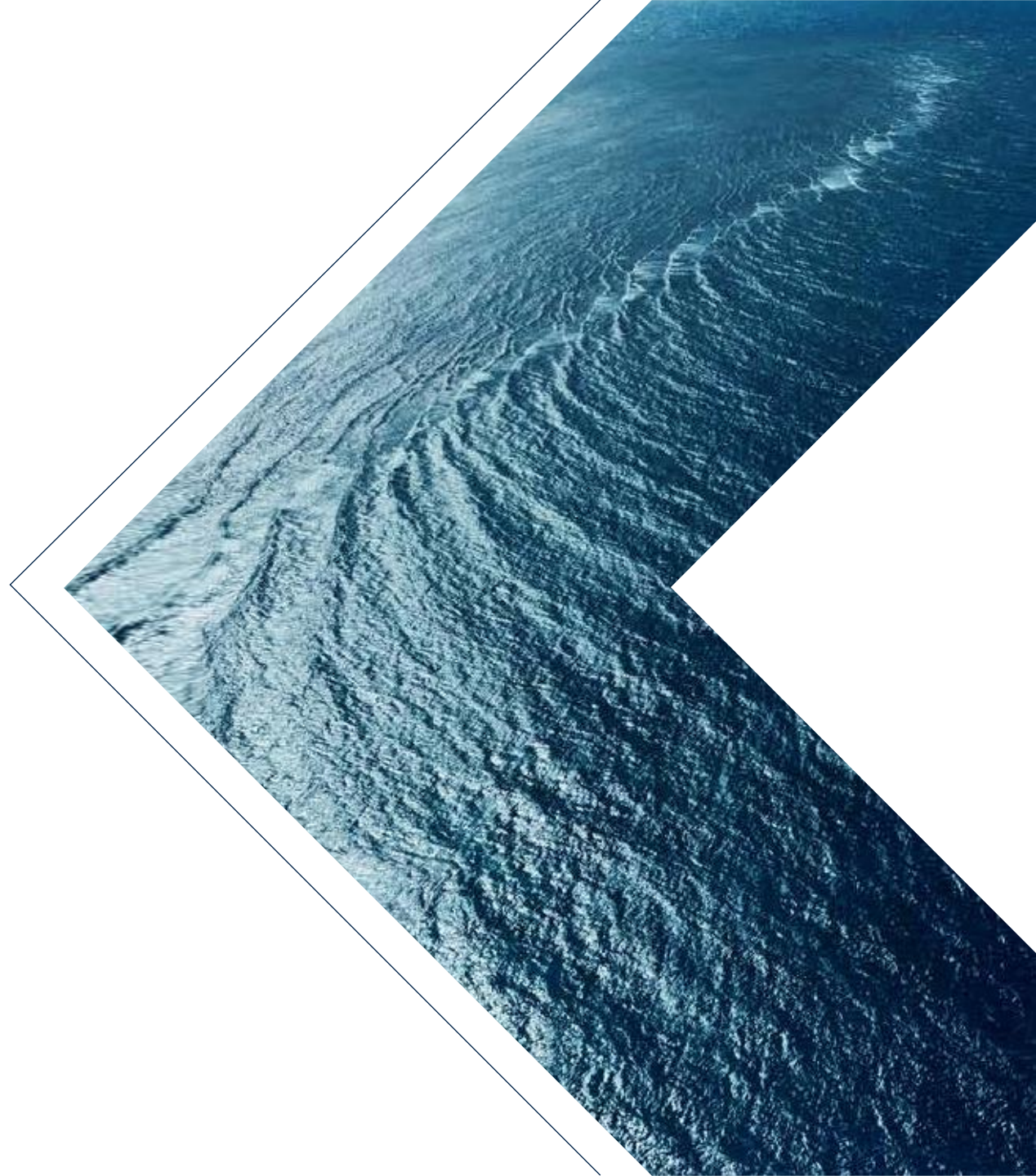
As of September 30, 2023, unless otherwise noted. Team data as of December 31, 2023. For investments which have utilized leverage in a currency other than the U.S. Dollar, the investment and portfolio performance metrics reflect debt drawdowns and outstanding debt at exchange rates as of the report date, and debt repayments at exchange rates as of transaction dates. HarbourVest generally uses different currency translation in investor reporting, which may produce different results.

* Reflects aggregate capital committed to, and number of investments made in, direct co-investments from January 1, 2014 to December 31, 2023. HarbourVest has committed \$39.2 billion to 1,306 direct co-investments since inception as of December 31, 2023.

** As of December 31, 2023. Small/mid-market deals statistic represents percentage of deals reviewed in depth that has an enterprise value of \$3.0 billion or less at the time of our review.

§ Based on total cost of investments where HarbourVest provided a solution in Co-Investment Fund III – Co-Investment Fund VI as September 30, 2023. Past performance is not a reliable indicator of future results.

PA SERS program update



PA SERS: December 31, 2023

Overview

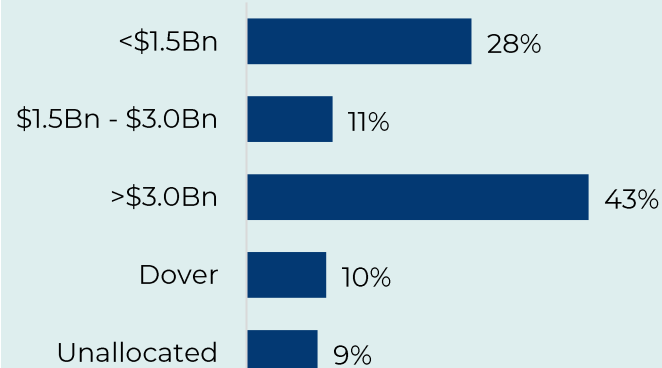
- Commitment period from 2020 – present.
- Co-investments principally in leveraged buyouts.

Gross portfolio update

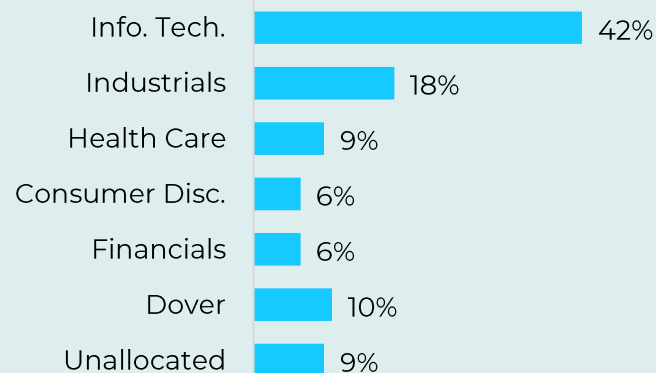
- The Fund has committed more than \$164 million to 14 companies through December 31, 2023.
- 15 investments are closed/committed/approved as of May 21, 2024 (excluding Dover).
- The portfolio's total value is 1.5x total cost as of December 31, 2023.

\$ Millions (inclusive of Dover X)	Dec-31'23	Apr-30'24
Fund Size	\$202.0	\$202.0
Committed to Investments	91%	91%
Paid-In Capital	\$169.3	\$170.2
% Called	85%	85%
Distributions	\$9.5	\$9.5
Net DPI	0.1x	0.1x
Total Value	\$237.1	
Net TVPI	1.4x	
Net IRR	16%	

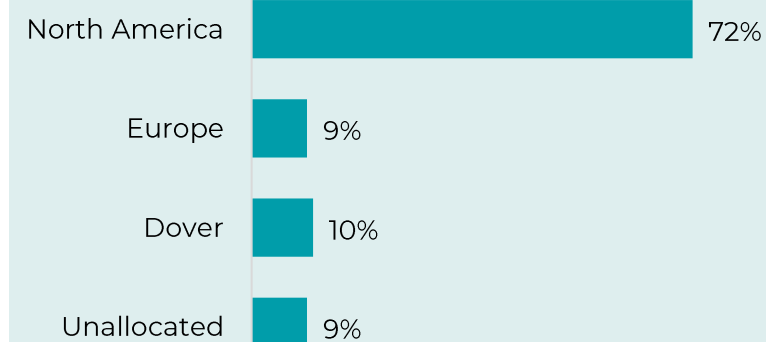
Enterprise Value



Sector



Geography



Charts are based on cumulative commitments of company investments as of December 31, 2023. Performance data shown as of December 31, 2023 and is preliminary, unaudited, and subject to change. A complete list of the fund's portfolio holdings and performance may be found later in this presentation. This performance is intended for distribution with the annual performance information in 'Additional Track Record Detail'. This page summarizes the activity and performance of a HarbourVest fund or account. While the investments and relationships referenced may be in a HarbourVest portfolio, there is no guarantee that they will be in a future portfolio. A reference to a specific GP or company does not constitute a recommendation to invest nor an indication that HarbourVest funds or accounts hold any specific GP or company. It should not be assumed that any future investment will be profitable or will equal the performance of the companies referenced above. Past performance is not indicative of future results.

PA SERS re-up proposal



Proposal for PA SERS separately managed account re-up

Partnership Objectives and Structure

- Partner on the development and implementation of a customized co-investment program
- Create long-term outperformance compared to public markets while limiting volatility and downside risk
- Fund-of-one

Capital Deployment Pacing

- \$200 million commitment over 3 years, 10-year program life; \$200 million committed at the time of closing
- 100% co-investment; targeting 50% PA SERS deal flow, 50% HarbourVest deal flow
 - Cannot invest more than 25% in calendar year 1 and more than 40% in calendar years 2 and 3
 - 10-20 portfolio companies
 - Single company concentration limit of 15%, including follow-on investments
 - Veto rights with 5 calendar days to opt-out in writing of a proposed investment

Knowledge Transfer Services

- Online 24/7 access to Investment Committee due diligence memos
- Annual tactical planning sessions focused on investment execution consistent with strategic plan
- Access to deal team members to review due diligence for approved investments